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Programming and Allocations Committee
February 14, 2007
Minutes

The meeting was called to order at 10:00 a.m. Committee members in attendance were Chair Commissioner Haggerty, Commissioners Ammiano, Bates, Blanchard, Chu, Cortese, Dodd, Giacomini, Glover, Halsted, Lempert, Rubin, Sartipi, Sperring, Tissier, Worth, and Yeager.

Consent Calendar

The committee voted unanimously to approve the minutes of January 10, 2007 meeting as submitted.

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- **Allocation of \$11.9 million in State Transit Assistance funds and \$1.5 million in Transportation Development Act funds to Santa Clara Valley Transportation Authority for transit operations. MTC Resolution Nos. 3750, Revised and 3751, Revised.**

Regional Programming

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- **BART-SFO Extension Settlement Agreement and Release of Claims: Three-Party Agreement between MTC, BART, and SamTrans. MTC Resolution Nos. 3795, 3147, Revised, 3767, Revised.**

Randy Rentschler presented a settlement agreement between MTC, BART, and SamTrans to settle long-standing issues between BART and SamTrans. This agreement will allow BART full operational control over the extension, and with that control, also financial responsibility for operating losses, or net surpluses. In return, MTC and SamTrans have made financial commitments to BART to help fund the costs and to make more secure a long term funding commitment to the Warm Springs extension project.

As background, Mr. Rentschler said BART and SamTrans have been parties to a Comprehensive Agreement pertaining to BART system operations in San Mateo County for over 17 years. Although the SFO extension has a 70 percent fare box return, it is not as high as was projected during the planning phase. Under prior agreements, SamTrans was required to cover BART-SFO operating losses, and any net surplus on

the extension would be transferred to BART to defray construction cost on the Warm Springs project.

The funding for this agreement that would be redirected to BART would come from: 1) The San Mateo Transportation Authority's half-cent sales tax, which allocates two percent of those revenues for BART service, operating, and capital purposes in San Mateo County; 2) \$5 million from SamTrans' FY 2006-07 budget; 3) increment of SamTrans' State Transit Assistance (STA) Proposition 42 starting in fiscal year 2009; 4) \$32 million of SamTrans' Proposition 1B STA Revenue-Based funds; and 5) \$24 million in MTC's Proposition 1B STA Population-based funds.

As part of this comprehensive agreement, MTC staff recommends that the Commission program to BART \$24 million of the funds that MTC expects to receive for priority-setting on behalf of the region as a result of the passage of Proposition 1B.

The agreement will require BART to create a reserve account in which the funds previously described would go into that account and those funds, as well as their interest, would be dedicated towards providing service on the Peninsula to underwrite the cost of the extension. MTC estimates that these funds, in addition to the interest and the fares, would eventually be able to pay for the SFO extension and fund the commitment of \$145 million to the extension of Warm Springs at a future time, which depends on ridership levels of the BART line.

Commissioner Haggerty asked if MTC staff believes that the agreement will help or hurt the current schedule for the Warm Springs extension. Steve Heminger, Executive Director of MTC, stated that the agreement would help deliver on the current schedule to extend BART's to Warm Springs.

The last part of the agreement states that if MTC determines that Proposition 1B funds are not going to be available as expected, there is a provision in the agreement that states MTC can make that decision prior to the end of the calendar year on December 31, 2007. The agreement would become null and void and all three parties, MTC, BART, and SamTrans, would share equally in the yearly subsidy costs.

Commissioner Bates asked what the likelihood of the agreement coming unwound. Mr. Rentschler stated that its highly unlikely and the only way the agreement would come undone is if the California Legislature made the transit portion of Proposition 1B not feasible.

Tom Margro, General Manager of BART, said the agreement is good for BART, SamTrans, and the riders they serve. Mr. Margro said that although the SFO extension is a good extension and has a great farebox recovery it has also been a struggle to live with the financial commitments and responsibilities entailed. BART believes the new agreement will help put the troubles behind them and allow the transit agencies to better serve riders. Mr. Margro added that he appreciated the Commission allowing Steve Heminger and Randy Rentschler of MTC staff to work with BART and SamTrans on the agreement and that they would not have reached the agreement if it were not for their help. BART will be taking the agreement to their board for approval.

Mike Scanlon, General Manager and CEO of SamTrans, thanked Steve Heminger and Randy Rentschler for mediating and creating the new agreement. Mr. Scanlon stated that the agreement is reasonable and the best negotiated settlement that could be created for an extremely complex problem. The important factor is that they focus on the customers.

Commissioner Lempert, representing the cities of the San Mateo County, added that there was no other choice but to approve this agreement, it is very important to the transit users and it needs to be moved forward.

Commissioner Worth asked if MTC anticipates that the agreement will allow BART to pull back on some of the service cuts that were put in place. Mr. Heminger said the agreement between the three parties encourages BART to run the extension to try to maximize their passengers and revenue.

Jerry Grace, a Berkeley resident, was pleased to hear about the agreement, but is hesitant about the Oakland Airport Connector and fears that the same issues may arise like they did in the SFO extension.

- **Regional Measure 2 (RM2) Capital Allocations. MTC Resolution No. 3651**

Melanie Choy presented a request for an allocation to the Transbay Joint Powers Authority (TJPA) for preliminary engineering work on components of Phase 1 for the Transit Center. The Commission has previously approved a \$29 million allocation to right-of-way acquisition and \$18 million for preliminary engineering. The San Francisco County Transportation Authority (SFCTA) is also a funding partner on the project and is considering a \$10.8 million allocation for program management work in Proposition K funds to this project. Currently, they are requesting from MTC an allocation of \$4.7 million specifically for utility relocation work, a bus storage facility, and a temporary terminal that is associated with the Transit Center building. The TJPA also requested final design funds for these three components, but MTC staff recommends deferring this request pending a response from the FTA regarding the consistency of this new phasing plan with the region's long range plan.

- **Proposed FY 2007-08 Annual Fund Estimate. MTC Resolution No. 3793.**

Theresa Romell stated that MTC is required by state law to produce a Fund Estimate by March 1st of each year for the Transportation Development Act (TDA) funding, the State Transit Assistance (STA) program, 25 percent of AB 1107 funds that MTC administers and transit funding that comes from bridge tolls. The current year's total estimated revenues for the fund estimate is about \$477 million. STA revenues are expected to be lower than in FY 2006-07 due to a proposal by the governor to use \$1.1 billion from the Public Transportation Account (PTA) to pay for costs usually covered by the general fund. Since TDA revenues are a tax on general sales it is directly tied to the strength of the Bay Area economy. MTC staff is working with the region's transit operators and the Bay Area legislative delegation to address the proposed reduction in STA funds.

- **Draft 2006 Regional Transportation Improvement Program (RTIP) Augmentation Program of Projects**

Kenneth Kao reported that the RTIP Augmentation is a result of the passage of Proposition 1B last fall which contains \$2 billion for the State Transportation Improvement Program (STIP). The RTIP augmentation is the region's proposal for spending the STIP funds and is due to the California Transportation Commission (CTC) by April 2, 2007. The draft contains over \$380 million in proposed new programming. The draft list is subject to change based on county board actions and the outcome of the Corridor Mobility Improvement Account (CMIA) programming by the CTC. The draft project lists includes \$146 million to support MTC's CMIA proposal, and a slight increase in programming and monitoring funds for MTC up to \$200,000. Lastly, the CTC is requiring performance analysis for the RTIP augmentation. In addition to VTA's light rail extension, Muni's central subway will need a project level performance analysis.

California Transportation Commission (CTC) Report

Alix Bockelman highlighted a few items from the January 31st – February 1st CTC meeting. The BART to San Jose project received significant allocation of funds from the Traffic Congestion Relief Program (TCRP), an additional \$200 million for design as well as a reimbursement of roughly \$150 million. There was also a supplemental fund vote for the U.S. 101 auxiliary lane project in San Mateo County that will allow the project to go to construction.

Ms. Bockelman also stated that MTC is expecting to get a draft recommendation list for the CMIA program on Friday, February 16th. There will be a hearing held on the draft proposal on Tuesday and the CTC is expected to act on their recommendations on February 28th.